

111TH CONGRESS
1ST SESSION

H. R. 1067

To amend title II of the Social Security Act to allow workers who attain age 65 after 1981 and before 1992 to choose either lump sum payments over four years totalling \$5,000 or an improved benefit computation formula under a new 10-year rule governing the transition to the changes in benefit computation rules enacted in the Social Security Amendments of 1977, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2009

Mr. HALL of Texas (for himself and Mr. WEXLER) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend title II of the Social Security Act to allow workers who attain age 65 after 1981 and before 1992 to choose either lump sum payments over four years totalling \$5,000 or an improved benefit computation formula under a new 10-year rule governing the transition to the changes in benefit computation rules enacted in the Social Security Amendments of 1977, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Notch Fairness Act
3 of 2009”.

4 **SEC. 2. NEW GUARANTEED MINIMUM PRIMARY INSURANCE**
5 **AMOUNT WHERE ELIGIBILITY ARISES DUR-**
6 **ING TRANSITIONAL PERIOD.**

7 (a) IN GENERAL.—Section 215(a) of the Social Secu-
8 rity Act is amended—

9 (1) in paragraph (4)(B), by inserting “(with or
10 without the application of paragraph (8))” after
11 “would be made”, and by striking “1984” in clause
12 (i) and inserting “1989”; and

13 (2) by adding at the end the following:

14 “(8)(A) In the case of an individual described in
15 paragraph (4)(B) (subject to subparagraphs (F) and (G)
16 of this paragraph), the amount of the individual’s primary
17 insurance amount as computed or recomputed under para-
18 graph (1) shall be deemed equal to the sum of—

19 “(i) such amount, and

20 “(ii) the applicable transitional increase amount
21 (if any).

22 “(B) For purposes of subparagraph (A)(ii), the term
23 ‘applicable transitional increase amount’ means, in the
24 case of any individual, the product derived by multi-
25 plying—

26 “(i) the excess under former law, by

1 “(ii) the applicable percentage in relation to the
 2 year in which the individual becomes eligible for old-
 3 age insurance benefits, as determined by the fol-
 4 lowing table:

“If the individual becomes eligible for such benefits in:	The applicable percentage is:
1979	55
1980	45
1981	35
1982	32
1983	25
1984	20
1985	16
1986	10
1987	3
1988	5.

5 “(C) For purposes of subparagraph (B), the term ‘ex-
 6 cess under former law’ means, in the case of any indi-
 7 vidual, the excess of—

8 “(i) the applicable former law primary insur-
 9 ance amount, over

10 “(ii) the amount which would be such individ-
 11 ual’s primary insurance amount if computed or re-
 12 computed under this section without regard to this
 13 paragraph and paragraphs (4), (5), and (6).

14 “(D) For purposes of subparagraph (C)(i), the term
 15 ‘applicable former law primary insurance amount’ means,
 16 in the case of any individual, the amount which would be
 17 such individual’s primary insurance amount if it were—

18 “(i) computed or recomputed (pursuant to
 19 paragraph (4)(B)(i)) under section 215(a) as in ef-
 20 fect in December 1978, or

1 “(ii) computed or recomputed (pursuant to
2 paragraph (4)(B)(ii)) as provided by subsection (d),
3 (as applicable) and modified as provided by subparagraph
4 (E).

5 “(E) In determining the amount which would be an
6 individual’s primary insurance amount as provided in sub-
7 paragraph (D)—

8 “(i) subsection (b)(4) shall not apply;

9 “(ii) section 215(b) as in effect in December
10 1978 shall apply, except that section 215(b)(2)(C)
11 (as then in effect) shall be deemed to provide that
12 an individual’s ‘computation base years’ may include
13 only calendar years in the period after 1950 (or
14 1936 if applicable) and ending with the calendar
15 year in which such individual attains age 61, plus
16 the 3 calendar years after such period for which the
17 total of such individual’s wages and self-employment
18 income is the largest; and

19 “(iii) subdivision (I) in the last sentence of
20 paragraph (4) shall be applied as though the words
21 ‘without regard to any increases in that table’ in
22 such subdivision read ‘including any increases in
23 that table’.

24 “(F) This paragraph shall apply in the case of any
25 individual only if such application results in a primary in-

1 surance amount for such individual that is greater than
2 it would be if computed or recomputed under paragraph
3 (4)(B) without regard to this paragraph.

4 “(G)(i) This paragraph shall apply in the case of any
5 individual subject to any timely election to receive lump
6 sum payments under this subparagraph.

7 “(ii) A written election to receive lump sum payments
8 under this subparagraph, in lieu of the application of this
9 paragraph to the computation of the primary insurance
10 amount of an individual described in paragraph (4)(B),
11 may be filed with the Commissioner of Social Security in
12 such form and manner as shall be prescribed in regula-
13 tions of the Commissioner. Any such election may be filed
14 by such individual or, in the event of such individual’s
15 death before any such election is filed by such individual,
16 by any other beneficiary entitled to benefits under section
17 202 on the basis of such individual’s wages and self-em-
18 ployment income. Any such election filed after December
19 31, 2009, shall be null and void and of no effect.

20 “(iii) Upon receipt by the Commissioner of a timely
21 election filed by the individual described in paragraph
22 (4)(B) in accordance with clause (ii)—

23 “(I) the Commissioner shall certify receipt of
24 such election to the Secretary of the Treasury, and
25 the Secretary of the Treasury, after receipt of such

1 certification, shall pay such individual, from
2 amounts in the Federal Old-Age and Survivors In-
3 surance Trust Fund, a total amount equal to
4 \$5,000, in 4 annual lump sum installments of
5 \$1,250, the first of which shall be made during fis-
6 cal year 2010 not later than July 1, 2010, and

7 “(II) subparagraph (A) shall not apply in deter-
8 mining such individual’s primary insurance amount.

9 “(iv) Upon receipt by the Commissioner as of Decem-
10 ber 31, 2009, of a timely election filed in accordance with
11 clause (ii) by at least one beneficiary entitled to benefits
12 on the basis of the wages and self-employment income of
13 a deceased individual described in paragraph (4)(B), if
14 such deceased individual has filed no timely election in ac-
15 cordance with clause (ii)—

16 “(I) the Commissioner shall certify receipt of all
17 such elections received as of such date to the Sec-
18 retary of the Treasury, and the Secretary of the
19 Treasury, after receipt of such certification, shall
20 pay each beneficiary filing such a timely election,
21 from amounts in the Federal Old-Age and Survivors
22 Insurance Trust Fund, a total amount equal to
23 \$5,000 (or, in the case of 2 or more such bene-
24 ficiaries, such amount distributed evenly among such
25 beneficiaries), in 4 equal annual lump sum install-

ments, the first of which shall be made during fiscal year 2010 not later than July 1, 2010, and

“(II) solely for purposes of determining the amount of such beneficiary’s benefits, subparagraph (A) shall be deemed not to apply in determining the deceased individual’s primary insurance amount.”.

(b) EFFECTIVE DATE AND RELATED RULES.—

(1) APPLICABILITY OF AMENDMENTS.—

(A) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this Act shall be effective as though they had been included or reflected in section 201 of the Social Security Amendments of 1977.

(B) APPLICABILITY.—No monthly benefit or primary insurance amount under title II of the Social Security Act shall be increased by reason of such amendments for any month before July 2010.

(2) RECOMPUTATION TO REFLECT BENEFIT INCREASES.—In any case in which an individual is entitled to monthly insurance benefits under title II of the Social Security Act for June 2010, if such benefits are based on a primary insurance amount computed—

1 (A) under section 215 of such Act as in ef-
2 fect (by reason of the Social Security Amend-
3 ments of 1977) after December 1978, or

4 (B) under section 215 of such Act as in ef-
5 fect prior to January 1979 by reason of sub-
6 section (a)(4)(B) of such section (as amended
7 by the Social Security Amendments of 1977),
8 the Commissioner of Social Security (notwith-
9 standing section 215(f)(1) of the Social Security
10 Act) shall recompute such primary insurance
11 amount so as to take into account the amendments
12 made by this Act.

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